

Message Text

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E.O. 11652: GDS
TAGS: PEPR, MPOL, SOPH, GW, CG, US
SUBJECT: OTRAG: ARTICLE IN GERMAN MAGAZINE STERN

REF: BONN 9432

1. THE MAY 24 EDITION OF THE GERMAN WEEKLY MAGAZINE STERN CONTAINS AN ARTICLE ON OTRAG (FULL TEXT BELOW). THE ARTICLE MENTIONS OTRAG'S DECISION TO DISINVITE JOURNALISTS TO ITS RECENT LAUNCHING (REFTEL). STERN ALSO NOTES THAT ZAIRE'S NEIGHBORS HAVE PROTESTED THE FACILITY'S PRESENCE THERE. IN THIS CONTEXT, WE UNDERSTAND THAT THE ANGOLAN AMBASSADOR IN BELGIUM RECENTLY TOLD A SENIOR FRG OFFICIAL THAT OTRAG WAS THE SOLE BARRIER TO THE ESTABLISHMENT OF RELATIONS BETWEEN THE TWO COUNTRIES.

2. OTRAG DIRECTOR KAYSER IS QUOTED BY STERN AS ENDORSING THE LAUNCHING OF ESPIONAGE OR MILITARY SATELLITES, THUS CON-

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TRADICTING EARLIER STATEMENTS THAT THE FACILITY HAD NO POTENTIAL MILITARY APPLICATION. KAYSER ALSO MAINTAINS THAT THE ZAIRE OPERATION IS IMPORTANT IN PRESERVING OTRAG'S LEAD IN ROCKET LAUNCHING TECHNOLOGY. THE ARTICLE POINTS OUT, HOWEVER, THAT GERMAN SCIENTISTS HAVE DISPUTED KAYSER'S CLAIMS OF ADVANCED TECHNOLOGY. THEY NOTE THAT THE ONLY LAUNCHING WHICH HAS TAKEN PLACE WAS HARDLY

IMPRESSIVE AND THAT SEVERAL OTHER LAUNCHINGS HAVE BEEN POSTPONED. ACCORDING TO THE ARTICLE, THE MINISTRY OF TECHNOLOGY ALSO ENTERTAINS DOUBTS ABOUT OTRAG'S TECHNOLOGICAL CLAIMS.

3. THE ARTICLE SAYS THAT GERMAN TAX OFFICIALS, NOTING THE SIZABLE DEPRECIATION WRITE OFF OF OTRAG'S ZAIRE OPERATION, DO NOT EXCLUDE THE POSSIBILITY THAT THE ENTIRE OPERATION IS A TAX DODGE.

4. BEGIN TEXT: GIANT BLUFF IN KAYSER'S EMPIRE (THE GERMAN COMPANY OTRAG WANTS TO LAUNCH ROCKETS INTO SPACE --FOR ANYONE WHO PAYS. THE ENTERPRISES OF BUSINESSMAN LUTZ KAYSER IN ZAIRE ANNOY THE REVENUE OFFICE AND ALSO DISTURB BONN'S FOREIGN POLICY.)

5. ERIC ABRAHAM IS DISAPPOINTED. THE BBC-TV WRITER FROM LONDON WAS SURE TO GET A FANTASTIC STORY. HIS TEAM WAS TO BE ON THE SPOT WHEN THE SECOND GERMAN LARGE-SCALE ROCKET SINCE THE V 2 WAS TO BE LAUNCHED IN THE CENTRAL AFRICAN STATE OF ZAIRE. BUT ABRAHAM'S INVITATION WAS CANCELLED A FEW WEEKS BEFORE LAUNCHING" 70 OTHER JOURNALISTS, WHO HAD APPLIED TO THE ORBITAL TRANSPORT-UND RAKETEN-AKTIENGESELLSCHAFT (OTRAG) FOR PERMISSION TO ATTEND, SUFFERED A SIMILAR FATE. AS IN THE CASE OF THEIR FIRST LAUNCHING LAST YEAR, THE OTRAG PEOPLE WILL LIMITED OFFICIAL USE

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BE ALONE WHEN THEIR ROCKET WHISTLES INTO SPACE FROM THE AFRICAN BUSH. SAID OTRAG SPOKESMAN FRANK WUKASCH: "WE'LL DO IT AS THE RUSSIANS DO."

6. THE MINI COMPANY FROM NEU-ISENBURG TAKES NO ACTION TO QUELL THE WILD SPECULATION ABOUT ITS SECRET ACTIVITIES ON THE EQUATOR. WHAT LEAVES OTRAG UNDISTURBED, CAUSES BONN'S FOREIGN OFFICE "A HEADACHE OF THE FIRST ORDER", AS SPOKESMAN JUERGEN SUDHOFF PUT IT. FOR SINCE THE GERMAN COMPANY LEASED FROM ZAIRE AS A TEST GROUND ONE TWENTIETH OF THE COUNTRY (100000 SQUARE KILOMETERS IN THE PROVINCE OF SHABA), THE FOREIGN OFFICE IN BONN HAS RECEIVED A HAIL OF PROTESTS FROM NEIGHBORING BLACK COUNTRIES. TANZANIA AND ZAMBIA EXPRESSED THEIR CONCERN, MADAGASCAR'S HEAD OF STATE DIDIER RATSIRAKA SMELLED A "NATO THREAT TO AFRICA'S PROGRESSIVE NATIONS," AND ANGOLA'S PRESIDENT AGOSTINHO NETO EVEN SUSPECTED THAT THE GERMANS WERE TESTING "NUCLEAR ROCKETS' IN THE BUSH.

7. THEIR ANXIETY IS INCREASED BY A STRANGE ALLIANCE: SOVIET PARTY CHIEF LEONID BREZHNEV, WHOSE KOSMOS ESPIO-

NAGE SATELLITE 932 IDENTIFIED THE OTRAG SITE IN THE SUMMER OF 1977, WARNED AGAINST A 'MILITARY BASE' OF THE

NOTE BY OC/T: DISSEMINATION COORDINATED WITH S/S-O - MR. SUMMERS.

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WEST GERMAN NEO-COLONIALISTS. AND THE AMERICAN SEX
MAGAZINE PENTHOUSE REPORTED THAT GERMAN CRUISE MISSILES
WERE BEING TESTED IN AFRICA WITH THE HELP OF THE CIA
AND THE BND (BUNDESNACHRICHTENDIENST - FEDERAL INTELLI-
GENCE SERVICE). COMMENTED OTRAG SPOKESMAN
WUKASCH: "ALL THAT IS COMPLETE NONSENSE."

8. THE FOREIGN OFFICE MADE A SIMILAR STATEMENT. BUT
FOREIGN MINISTER HANS-DIETRICH GENSCHER HAS LONG SINCE
DEPARTED FROM HIS EARLIER VIEW THAT COOPERATION BETWEEN
ZAIRE AND NEU-ISENBURG'S OTRAG MIGHT PROMOTE BONN'S RE-
LATIONS WITH BLACK AFRICA BY A KIND OF TECHNOLOGICAL DE-
VELOPMENT AID. THE PROPAGANDA EMANATING FROM MOSCOW AND
EAST BERLIN (NEUES DEUTSCHLAND REPORTED "DANGEROUS
ROCKET TESTS IN ZAIRE") HAS A STRONGER EFFECT THAN BONN'S

ASSURANCES THAT THE ROCKET TESTS WERE OF A PEACEFUL
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NATURE, AND THAT THE FEDERAL GOVERNMENT HAD NOTHING TO
DO WITH THIS PRIVATE COMPANY. SAID SPD BUNDESTAG DE-
PUTY BRIGITTE ERLER: "IF WE EVER WANT TO HAVE NORMAL RE-
LATIONS WITH ANGOLA, SOMETHING HAS TO BE DONE
ABOUT OTRAG." WHAT EXACTLY SHOULD BE DONE? KLAUS VON
DOHNANYI, MINISTER OF STATE IN THE FOREIGN OFFICE, IS
PERPLEXED: "HOW IS ONE TO PROVE SOMETHING THAT DOES NOT
EXIST?"

9. OLD SINS HAVE TO BE PAID FOR NOW: THE FOREIGN OF-
FICE FAILED TO PROTEST THE LEASE CONTRACT BETWEEN OTRAG
AND ZAIRE. OTRAG'S CO-FOUNDER WERNER WILL EVEN CLAIMS
THAT "THEY'VE GIVEN THEIR OK." AND THIS IS QUITE A
CONTRACT; WITH ITS SIGNATURE ZAIRE CEDED IN MARCH 1976
UNTIL THE YEAR 2000 ALL ITS SOVEREIGN RIGHTS IN AN
AREA THE SIZE OF THE GDR. IN THIS AREA, OTRAG BOSS
LUTZ T. KAYSER (39) CAN ACT AND COMMAND LIKE A COLONIAL
MASTER IN THE NINETEENTH CENTURY. HE ALONE DECIDES WHO
MAY ENTER THE AREA OR FLY OVER IT, WHO BUILDS OR DOES
WHAT. HIS COWORKERS ON THE SPOT ENJOY IMMUNITY AGAINST
ANY SORT OF COURT ACTION BY THE AUTHORITIES AND LIKE
DIPLOMATS, EXEMPTION FROM CUSTOMS AND TAXES, AND THEY
MAY EVEN EVACUATE LOCAL INHABITANTS SO THAT "BURNED-OUT
ROCKET PARTS DO NOT CAUSE ANY DAMAGE" (KAYSER). OTRAG
HAS AN EXPLANATION FOR ITS MYSTERY OPERATION TOO: "IT IS
OF UTTER IMPORTANCE TO US TO PRESERVE OUR SEVERAL-YEARS

LEAD IN THE WAY OF KNOW-HOW BOTH IN THE FIELD OF ROCKET
LAUNCHER TECHNOLOGY AND IN THE FIELD OF LAUNCHING FAC-
ILITIES AND GROUND ORGANIZATION."

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10. A LOT OF BUSH AND SAND AND NOTHING OF CAPE
CANAVARAL: TO FIND OUT WHAT IS SO WORTHY OF PROTECTION
IN KAYSER'S EMPIRE, THE GERMAN EMBASSY IN KINSHASA SENT
A DIPLOMAT TO THE "SPLIT BEHIND" ('KAPANI TONO' - THIS IS
WHAT THE LOCAL BALUBA CALL THE ELEVATED PLATEAU ON THE
LUVUA RIVER ON WHICH THE OTRAG FACILITIES ARE LOCATED).
HE FOUND NOTHING THAT WOULD EVEN REMOTELY RESEMBLE CAPE
CANAVARAL. HE MERELY SAW A LANDING STRIP TWO KILOMETERS

LONG AND, AS A ROCKET LAUNCHING SITE, AN AREA OF THIRTY BY THIRTY METERS WITH A STEEL TABLE IN THE CENTER TWO METERS HIGH. NEARBY WAS A SCAFFOLDING OF TREE TRUNKS FIFTEEN METERS HIGH. THERE ALSO WERE THREE FUEL TANKS, AN EARTH SHELTER FOR TEN PERSONS, TWO "RATHER SIMPLY EQUIPPED" WORKSHOPS, ONE SOLID HOUSE, SEVERAL TENTS, TWO JEEPS, TWO TRUCKS AND BULLDOZERS. IN THE WAY OF 'GROUND PERSONNEL' HE MET EIGHT GERMANS (ONE RADIOMAN, ONE MASON, ONE CARPENTER, ONE AUTOMOBILE MECHANIC, TWO WOMEN AND CHILDREN) AS WELL AS ONE BELGIAN COOK.

11. THE VISITOR SURPRISEDLY NOTED IN A CONFIDENTIAL REPORT TO THE FOREIGN OFFICE THAT "THERE WERE NO OTHER SCIENTIFIC AND TECHNICAL PERSONNEL." NOT EVEN THE TRANSPORTABLE ELECTRONIC SETS THAT CONTROLLED THE AUTOMATIC IGNITION WHEN ROCKET MOTOR TESTS WERE CONDUCTED IN LAMPOLDSHAUSEN (SWABIA) WERE SIGHTED IN AFRICA. THE COMPANY ARGUED THAT THIS WAS THE CORE OF KAYSER'S SPACE-FLIGHT CONCEPT: A MAXIMUM OF SIMPLICITY IN THE CONSTRUCTION AND OPERATION OF ITS ROCKETS. FOR THE FIRST LAUNCHING THUS FAR, THE FEW FACILITIES REQUIRED FOR THE START WERE FLOWN IN, TOGETHER WITH THE ROCKET, IN TWO COMPANY-OWNED, OVERAGED ARGOSY TRANSPORTS.

12. THE "GOOD DEED" CAN BE HAD FOR THIRTY MILLION: MUCH ADO ABOUT NOTHING? FOR KAYSER, THE REALITIES IN ZAIRE ARE MERELY THE MODEST BEGINNINGS OF A GIGANTIC ENTERPRISE. BY 1990 HE PLANS TO LAUNCH INTO SPACE SOME LIMITED OFFICIAL USE

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250 SATELLITES WITH THE ROCKETS HE DEVELOPED, "THE CHEAPEST THAT EVER EXISTED." HIS PATENT PRINCIPLE IS TO COM-

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BINE SIMPLY CONSTRUCTED PROPELLANTS FOR SPACE TRANSPORTERS CARRYING A PAYLOAD OF BETWEEN 200 AND 10,000 KILOGRAMS. HE PROPOSES TO LAUNCH SATELLITES ("HEAVY OR LIGHT ONES, CIVILIAN OR MILITARY ONES") FOR ANY PARTY THAT PAYS 30 MILLION MARKS PER START (THE AMERICAN PRICE VARIES BETWEEN 60 AND 70 MILLION). HE SEES HIS MARKET IN THE DEVELOPING COUNTRIES. KAYSER DOES NOT SHARE THE FEARS OF STOCKHOLM'S PEA RESEARCH INSTITUTE SIPRI THAT THIS WOULD OPEN THE DOOR FOR THE PROLIFERATION OF MILITARILY USABLE SPACEFLIGHT TECHNOLOGY. HE EVEN INTERPRETS THE LAUNCHING OF ESPIONAGE SATELLITES AS A GOOD DEED: "IF EVERYBODY CAN HAVE A LOOK BEHIND EVERYBODY ELSE'S DOOR, EVERYBODY WILL BE SAFE FROM SURPRISES. WHY SHOULD ONLY THE BIG ONES HAVE THIS CHANCE?" BY 1985 KAYSER PLANS TO RETRIEVE WITH HIS 'SPACE HAULING COMPANY' HIS DEVELOPMENT COSTS OF HALF A BILLION MARKS AND MAKE A LIMITED OFFICIAL USE

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TWO BILLION MARK PROFIT IN THE ENSUING FIVE YEARS.

13. LEADING SPACEFLIGHT SCIENTISTS ARE SKEPTICAL. SAYS THE DIRECTOR OF THE INSTITUTE FOR SPACEFLIGHT TECHNOLOGY OF MUNICH'S TECHNICAL UNIVERSITY, HARRY O. RUPPE, "KAYSER STILL HAS NOT SHOWN TECHNICAL OR ECONOMIC PROOF" FOR THE CLAIM THAT THE OTRAG ROCKET CAN LAUNCH THE REQUIRED SATELLITES. THUS FAR THERE WAS NOTHING BUT A "HOP" (RUPPE) WHEN, ON MAY 17, 1977, THE FIRST ROCKET OF KAYSER'S SMALLEST SIZE ROSE TO ABOUT 15 KILOMETERS-LITTLE HIGHER THAN A JUMBO JET. FOUR ADDITIONAL TESTS WITHOUT PAYLOAD, WHICH WERE SCHEDULED IN THE "FLIGHT TEST PROGRAM" TO TAKE PLACE BY APRIL OF THIS YEAR, DID NOT TAKE PLACE. AND NOT EVEN THE SITE HAS BEEN DETERMINED FOR THE FACTORY THAT WAS TO BUILD OTRAG ROCKETS

AS OF THIS YEAR. SAID BERLIN'S SPACEFLIGHT PROFESSOR H.H. KOELLE: "SO FAR AS WE KNOW, MR. KAYSER HAS MORE PROBLEMS THAN HE CAN SOLVE." IT REMAINS OPEN, THOUGH, WHAT THESE PROBLEMS ARE, FOR "KAYSER EVADES ANY PROFESSIONAL DISCUSSION."

14. ALSO THE FEDERAL GOVERNMENT IS AMONG THE DOUBTERS IN THE TECHNICAL FIELD. THE MINISTRY OF RESEARCH ENDED IN 1974 A FOUR MILLION MARK PROMOTION PROGRAM FOR THE 'VOLKSROCKET.' ONE YEAR LATER THE MINISTRY OF ECONOMICS REJECTED AN OTRAG APPLICATION FOR A GUARANTEE IN

THE AMOUNT OF 300 MILLION MARKS, EVEN THOUGH KAYSER THREATENED THAT, IN THE EVENT OF REJECTION, HE WOULD TRANSFER HIS ENTERPRISE ABROAD AS EARLY AS IN 1976.

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BONN KNEW THAT THIS WAS AN EMPTY THREAT, FOR OTRAG STANDS AND FALLS WITH THE FAVOR OF GERMAN REVENUE AUTHORITIES. THE REASON FOR THIS IS THAT THE HOLDING COMPANY OTRAG STILLE GESELLSCHAFT, WHICH EXISTS ALONGSIDE THE AKTIEN-GESELLSCHAFT, BLESSES ITS APPROXIMATELY 1,000 INVESTORS (WHO HAD INVESTED BY EARLY 1978 ABOUT 80 MILLION MARKS) WITH IMMENSE 'LOSS ASSIGNMENTS' THAT ARE TAX-DEDUCTIBLE. "TAX ADVANTAGES OF AT LEAST 240 PERCENT - CONFIRMED BY THE REVENUE AUTHORITIES" LURE THE COMPANY. IN THE CASE OF SUCH RATES, HIGHLY-TAXED INVESTORS, PROVIDED THEY INVEST ENOUGH MONEY, GET A GREATER REFUND FROM THE REVENUE OFFICE THAN THEY INVEST INTO OTRAG.

15. I CANNOT RULE OUT THE POSSIBILITY THAT OTRAG IS A GIANT BLUFF/ FOR THIS DEPRECIATION CONCEPT, THE ENORMOUS LEASE AREA IN ZAIRE WITH ITS CHEAP INSTALLATIONS MAKES SENSE. THE ANNUAL RENT OF 25 MILLION ZAIRE (APPROXIMATELY 75 MILLION MARKS) IS WRITTEN OFF AS LOSS, EVEN THOUGH PAYMENTS TO ZAIRE, ACCORDING TO THE CONTRACT, ARE NOT DUE UNTIL AFTER THE FIRST PROFIT-YIELDING SATELLITE IS LAUNCHED. EVEN THEN THE ALMOST BANKRUPT AFRICAN COUNTRY (WITH FOREIGN DEBTS IN THE AMOUNT OF 3.5 BILLION DOLLARS) MUST STILL APPROVE A FINANCING PLAN WHICH "HAS TO BE FULLY ADJUSTED TO OTRAG'S ECONOMIC SITUATION AND WILL NOT ENCUMBER OTRAG'S LIQUIDITY."

THE COMPANY ALSO PROFITS FROM THE POSTPONEMENT OF THE RENT PAYMENT, FOR IN ZAIRE THE RATE OF INFLATION IS 90 PERCENT, AND THE ANNUAL RENT IS FIXED IN ZAIRES RATHER THAN HARD MARKS. COMMENTED WIESBADEN'S DEPRECIATION

EXPERT ROBERT E. MAASS: "THIS IS A HAIR-RAISING STORY."

OTRAG PRODUCES ADDITIONAL LOSSES VIS-A-VIS THE REVENUE
OFFICE BY PAYING OFF KAYSER'S 32 ROCKET PATENTS. THE
INVENTER SOLD THEM TO HIS OWN COMPANY FOR 150 MILLION
MARKS, PAYABLE IN EASY INSTALLMENTS.
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16. THE HESSIAN MINISTRY OF FINANCE, WHICH IS COMPETENT

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FOR THE NEU-ISENBURG COMPANY, ONLY GRUDGINGLY TOLERATES
OTRAG'S DEPRECIATION PRACTICES, WHICH WERE APPROVED IN
1974, WITHOUT MINISTERIAL SANCTION, BY REINHOLD HOCK,
THE THEN DIRECTOR OF THE REVENUE OFFICE FOR THE OFFEN-
BACK-LAND DISTRICT WHO HAS SINCE BEEN DISMISSED. WIES-

BADEN IS NOW LOOKING FOR WAYS "TO BE ENTIRELY FREE ONCE AGAIN FOR THE ASSESSMENT OF THE FUTRE TAX SITUATION, REGARDLESS OF EARLIER LEGAL COMMITMENTS."

WITHOUT GOVERNMENTAL BLESSING, HOWEVER, OTRAG COULD NEVER RAISE BY 1981 THE 500 MILLION MARKS IT REQUIRES. THE INSTITUT FUER VERMOEGENSPLANUNG IN COLOGNE ALREADY DISCONTINUED TEMPORARILY THE RECRUITMENT OF DORMANT PARTNERS FOR THE COMPANY, AS THE TAX BENEFITS HAD NOT YET BEEN APPROVED. HANS GERLACH, THE PUBLISHER OF THE CRITICAL FINANCIAL INFORMATION SERVICE KAPITAL-LIMITED OFFICIAL USE

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PARKT INTERN VOICED THE FEAR THAT "I CANNOT EXCLUDE WITH ABSOLUTE CERTAINTY THE POSSIBILITY THAT OTRAG IS A GIANT BLUFF."

ONLY LUTZ KAYSER COULD DO THAT. HE ADMITS THAT "IF A PERSON IS HONESTLY CONVINCED THAT I AM A CHARLATAN, HIS OPINION COULD ONLY BE CORRECTED BY TELLING HIM EVERYTHING," BUT THIS IS EXACTLY WHAT HE DOES NOT DO. END TEXT STOESEL

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